

NEWS RELEASE

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STATE TO RECEIVE ADDITIONAL FUNDS TO
RECLAIM BANKRUPT COALMINE

The Utah Division of Oil, Gas and Mining and the Utah Attorney General's Office announced today that Utah has reached a settlement with owners and certain creditors of Lodestar Energy, Inc. and others that will provide the state with adequate resources for the reclamation of the Lodestar White Oak Coal Mine. The White Oak Coal Mine complex is located near Scofield Reservoir in Carbon County.

Approximately \$10 million has been made available for the settlement. Utah will receive just over \$1.2 million for continued reclamation work at the White Oak mine. The West Virginia Department of Environmental Protection and the Commonwealth of Kentucky also received funding for reclamation obligations of coalmines in those two states.

"It was particularly gratifying to see all the parties involved work constructively to reach this settlement," notes Division Director Lowell Braxton. "It took a concerted effort from all of them to ensure adequate funds were made available for reclamation."

Lodestar Energy, Inc. and its immediate parent company, Lodestar Holding Inc., have been in bankruptcy since March 2001. William Bishop, the bankruptcy trustee, has been overseeing the liquidation of both companies.

In addition to Utah and bankruptcy trustee, the parties to the settlement include The Renco Group, Inc., the parent company to both Lodestar Energy and Lodestar Holding; Frontier Insurance Company in Rehabilitation, an issuer of reclamation bonds to Lodestar Energy; Congress Financial Corporation, a secured lender to Lodestar; Wexford Capital LLC, a secured lender to Lodestar; and U.S. Office of Service Mining Reclamation and Enforcement.

Collectively, Renco, Frontier, Congress and Wexford agreed to make available the approximately \$10 million in settlement funds. Pursuant to the terms of the settlement, the parties will be receiving mutual releases from all the other parties in regard to reclamation and other claims.

The Division of Oil, Gas and Mining has been conducting reclamation work at the White Oak mine facility since last year using an original \$1 million insurance settlement. The new funds will ensure completion of the reclamation project.

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